

**USAID/Lebanon**

**Annual Report**

**FY 2004**

June 15, 2004

## **Please Note:**

The attached RESULTS INFORMATION is from the FY 2004 Annual Report and was assembled and analyzed by the country or USAID operating unit identified on the cover page.

The Annual Report is a "pre-decisional" USAID document and does not reflect results stemming from formal USAID review(s) of this document.

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## **Lebanon**

### **Performance:**

This year witnessed significant events taking place in the region that have had a tremendous impact on Lebanon. The Iraqi war and increased violence in West Bank/Gaza, as well as worldwide terrorist actions, created an atmosphere of tension. Iraq was an important market for Lebanese industrialists and losing this avenue has added to the economic stagnation felt here. Internally, the security situation near the southern borders with Israel remained guardedly quiet, witnessing only scattered clashes and disruptions. Politically, tensions continue to mount in the run up to the 2004 Presidential elections. The divisiveness that is inherent in Lebanon's confessional system of government contributes to Syria's continued ability to influence and intervene in the political affairs of the country. As a result, the economic situation in Lebanon continues to be unfavorable, leading to widening disparities between the rich and the poor, increased rates of unemployment (around 20%), and weak marketing of industrial and agricultural products. The country's external debt has reached \$32.6 billion and has forced the government to dedicate approximately 70% of its public revenues to service the public debt instead of financing public services.

In addition, the November 2002 Paris II donor conference for Lebanon did not yield the anticipated impact on the economy as GOL commitments for privatization of public services that are supposed to generate around \$5 billion for the government did not see the light. In addition, the environment in Lebanon is in a deteriorating state. Due to twenty years of war, the country developed in a chaotic way and people inherited a sense of ignorance towards environmental protection and preservation. This has resulted in polluted air, soil, rivers, and beaches, open dumping, and lack of control on industrial emissions coupled by lack of GOL investments on remedies. All these factors caused a sense of distrust and generated overwhelming needs among the Lebanese people whose only concern is to find promising job opportunities and ensure a decent living in a clean and healthy environment. As a response to the needs and challenges facing the country, the USAID program is targeting specifically the people of Lebanon by improving their living standards, protecting their environment and their health, addressing their legal rights as citizens, and promoting humanitarian assistance.

Addressing economic stagnation, USAID program attempts to improve living standards by:

- Revitalizing and expanding economic opportunities in rural areas through focusing on three key economic growth oriented sectors, agro-industry, ICT and tourism promoting by that productive sectors for investment.
- Promoting WTO accession to encourage trade and investment, globalization, and broad-based policy and legislative reform.
- Strengthening American educational institutions through provision of assistance for scholarships.
- Providing humanitarian and economic assistance to indigenous groups by providing small grants to support their programs.

Addressing environmental degradation, water resources scarcity and lack of proper management, USAID attempts to improve environmental policies and practices through:

- Promoting of appropriate waste management practices that attempt to solve major sanitation problems and create awareness among the people about the need for environmental protection.
- Developing measures for efficient water management and a strategy for tariff restructuring and private sector participation in the water sector to make agriculture more productive and ensure that water pricing is efficient and equitable.

Addressing political deadlocks and weaknesses, USAID attempts to strengthen democratic institutions through promoting good governance and transparent practices at the municipal and grass roots civil

society levels.

As a cross cutting theme, through the landmines action program, USAID is also addressing the endemic problem of landmines causing death and injuries and creating groups of disadvantaged people. USAID is attempting to make all Lebanese aware of hazardous areas and assist survivors and their families in engaging in productive enterprises and rebuilding their lives.

USAID's key achievements:

USAID key strengths is that it was able to build over the years a reputation as one of the most active donor programs in Lebanon, viewed by many as one of the most responsive, expansive, targeted, high-performing, and quick-disbursing - though far from the largest. We attribute this to our purpose of promoting equitable and sustainable development in Lebanon over the long-term; our products that are demand driven, people-focused, appropriate, affordable, effective and visible; our partners that include NGOs, foundations, universities, business associations, and corporations who in partnership with the public sector form a highly skilled and experienced group capable of operating effectively at high governmental levels as well as at the community level; and our procedures that demonstrate efficiency by channeling funding directly to implementing partners in contrast with other donors.

One major aspect about USAID activities this year is its focus on building and strengthening partnerships between the private sector, local community based organizations and USAID partners. The goal is to involve all parties and stakeholders including the beneficiaries in the development process. Some beneficiary communities for example, went far to provide 50% contribution for projects implementation. USAID also played a significant role in promoting local food production by facilitating the participation of the Syndicate of Lebanese Food Industry in a major food fair in the US (New York). Six food industries received orders as a result. A significant indication of USAID successful municipal development program materialized also this year. The Ministry of Interior issued two Orders mandating all Municipalities to use the standardized procedures and processes developed by USAID.

**Country Close and Graduation:**

## **Results Framework**

### **268-001 Expanded Economic Opportunity**

#### **SO Level Indicator(s):**

Increase in agricultural exports

Increase in GDP

Increased number of jobs created in the three targeted sectors (Agriculture)

**1.1** Improved Enabling Environment for Trade and Investment

**1.2** Improved Competitiveness and Growth in Targeted Sectors (Agriculture, ICT and Tourism)

**1.3** Increased Rural and Industry Cluster Opportunities

**1.4** Enhanced Access to Credit

**1.5** Increased Safety and Assistance in Landmines-Affected Areas

### **268-002 Strengthened Foundations for Governance**

#### **SO Level Indicator(s):**

Enabling legal environment that strengthens the role of local government and municipalities

Increased public confidence in Municipalities

**2.1** Improved Municipal Governance

**2.2** Expanded Role of Civil Society Advocacy

### **268-005 Improved Environmental Policies and Practices**

#### **SO Level Indicator(s):**

Improved water use efficiency

Increase in the number of people adopting improved environmental practices

Increased number of jobs created in the three targeted sectors (Agriculture, Tourism, ICT)

**3.1** Increased Use of Appropriate Environmental Management Practices

**3.2** Improved Participatory Approaches in Water Management

**3.3** Increased Effectiveness of Water Authorities, Laws and Policies